

SURETY ESTIMATE UPDATE

M/001/027

Basin Perlite Company

Pearl Queen Perlite

FILE # M/001/027

Beaver County

Prepared by Utah Division of Oil, Gas & Mining

Last Update 3/12/97

DESCRIPTION:

-Previous reclamation surety estimate was \$36,300 in year 2002 dollars

-Reclamation Estimate base amount calculated in 1997-\$

-This update adjusts the surety amount for escalation only.

The Surety is being escalated based on the property being sold to Basin Perlite Co

-Escalation factors through 1997 are actual Means Historical Cost Indices

-Total disturbed area = 10 ACRES

CALCULATIONS

$$F = P(1 + i)^{**n}$$

YR	ESCAL FACTOR	BOND AMOUNT
1977	0.0870	\$0
1978	0.0710	\$0
1979	0.0860	\$0
1980	0.0860	\$0
1981	0.0991	\$0
1982	0.0940	\$0
1983	0.0104	\$0
1984	0.0092	\$0
1985	0.0290	\$0
1986	0.0210	\$0
1987	0.0195	\$0
1988	0.0181	\$0
1989	0.0177	\$0
1990	0.0077	\$0
1991	0.0127	\$0
1992	0.0221	\$0
1993	0.0261	\$0
1994	0.0321	\$0
1995	0.0193	\$0
1996	0.0242	\$0
1997	0.0236	\$32,014
1998	0.0502	\$33,621
1999	0.0327	\$34,721
2000	0.0327	\$35,856
2001	0.0327	\$37,028
2002	0.0327	\$38,239
2003	0.0327	\$39,490
2004	0.0327	\$40,781

F = Future Sum

P = Present Sum

i = Escalation Factor

n = number of periods

Three Yr Average = 3.27%

Used to Project 5 Yrs

From the Year 1999

Updated Surety Amount Rounded (2004-\$)

\$40,800

** Average cost per acre =

\$4,080 (\$/ACRE)

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